

## Message Text

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ACTION AID-59

INFO OCT-01 EUR-12 ISO-00 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

OIC-02 SS-15 NSC-05 L-03 ITC-01 AGR-05 STR-04 OES-06

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PASS AID FOR PPC/PDA AND PPC/IA; TREASURY FOR PARSKY

E.O. 11652: N/A

TAGS: EAID, EFIN, OECD, CIEC

SUBJECT: DAC JULY 1 MEETING - DISCUSSION OF LDC DEBT

REF: (A) STATE 163136 (B) STATE 160431

1. SUMMARY: AT DAC MEETING JULY 1, A NUMBER OF DELEGATIONS EXPRESSED SUPPORT FOR US POSITION ON TREATMENT OF LDC DEBT ISSUES IN CIEC AS OUTLINED REF. B. SECRETARIAT WILL REPORT TO NEXT WEEK'S MEETINGS OF NORTH/SOUTH GROUP AND TWP EXPERTS GROUP THAT CONSENSUS MAY BE EMERGING THAT (A) CLEAR DISTINCTION SHOULD BE MADE BETWEEN TWO TYPES OF LDC DEBT SITUATIONS, AND (B) CAREFULLY COORDINATED WORK PROGRAM ON LDC DEBT SHOULD BE PURSUED IN BOTH FINANCE AND DEVELOPMENT COMMISSIONS. END SUMMARY.

2. UK DEL BEGAN DISCUSSION ON DEBT BY SAYING THAT HIS  
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GOVERNMENT FEELS LDC DEBT ISSUES WILL BE CENTRAL FOCAL

POINT OF G-19 CONCERN DURING SECOND HALF OF CIEC, MUCH AS COMMON FUND HAD BEEN AT UNCTAD IV. SCANDANAVIANS AND DUTCH SIMILARLY EMPHASIZED THAT LDC DEBT ISSUES WOULD BE OF HIGHEST IMPORTANCE DURING REST OF CIEC. US SPOKESMAN (MALLEY) ACKNOWLEDGED IMPORTANCE OF DEBT ISSUES BUT NOTED MANY OTHER IMPORTANT MATTERS ALSO WOULD BE DISCUSSED DURING SECOND PHASE OF CIEC AND DEBT WOULD NOT NECESSARILY BE PRIORITY NUMBER ONE; WE NOTED IMPORTANCE OF VARIOUS DEVELOPMENT MATTERS AND WORK IN ENERGY COMMISSION.

3. US DEL THEN OUTLINED OUR VIEWS ON DEBT ISSUES ALONG LINES REFTELS. UK DEL MADE SIMILAR DISTINCTION BETWEEN TWO LDC DEBT SITUATIONS, BUT IN TERMS OF WHETHER

DEBT PROBLEMS HAVE BEEN HANDLED IN CREDITOR CLUBS (FOR ACUTE PROBLEMS) OR CONSULTATIVE GROUPS/CONSORTIA (FOR LONGER TERM FOREIGN EXCHANGE AVAILABILITY PROBLEMS). UK STRESSED DESIRABILITY OF G-8 UNITY ON DEBT ISSUES, AS DID US, AND URGED THAT FINANCE AND DEVELOPMENT EXPERTS WORK CLOSELY TOGETHER TO DEVELOP VIEWS ON COMMON FEATURES FOR BOTH TYPES OF DEBT SITUATIONS. HE SAW WORK PROCEEDING IN CIEC IN COORDINATED FASHION IN FINANCE AND DEV DEVELOPMENT COMMISSIONS WITH FAC TAKING LEAD. COOPERATION BETWEEN DAC WP/FA AND TWP WOULD ALSO BE REQUIRED SINCE DAC HAS THE EXPERTISE ON THIS TOPIC. SWEDEN WELCOMED QUOTE FORWARD MOVEMENT UNQUOTE IN US POSITION, AS DID OTHERS. SWEDISH DEL REITERATED PREFERENCE FOR WORKING OUT QUOTE FORWARD LOOKING GUIDELINES UNQUOTE IN DEVELOPMENT COMMISSION BUT FOUND US APPROACH INTERESTING AND COULD SEE POSSIBILITY OF USEFUL JOINT WORK PROGRAM BY TWO COMMISSIONS IN DEBT AREA.

4. EC COMMISSION REP ALSO EXPRESSED AGREEMENT WITH US CONCEPTUAL APPROACH TO LDC DEBT, AS DID AUSTRALIA.

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LATTER DEL, ALONG WITH GERMANY AND JAPAN, SUPPORTED US POSITION THAT FAC SHOULD TAKE PRIME ROLE WITHIN CIEC IN ELABORATING COMMON FEATURES. NO OTHER DELS MADE SIGNIFICANT COMMENTS ON US CONCEPTUAL APPROACH TO LDC DEBT OR PROPOSED CIEC STRATEGY. CANADA WELCOMED US VIEWS BUT RESERVED POSITION UNTIL NEXT WEEK.

5. WITH REGARD TO PREPARATION G-8 POSITIONS WITHIN OECD NO ONE SUPPORTED VIEW WORK SHOULD BE CARRIED OUT EXCLUSIVELY IN TWP. ON THE OTHER HAND, THERE WAS LITTLE INCLINATION TO MAKE AN ISSUE AT THIS POINT OUT OF WHICH OECD GROUP DOES WHAT. IT WAS ACKNOWLEDGED THAT TWP EXPERTS GROUP ALREADY HAS BEEN SET UP AND WOULD BE FORUM FOR DISCUSSION OF MEMBERS' POSITIONS ON DEBT ISSUES TO BE DISCUSSED IN CIEC, ALTHOUGH SCANDINAVIANS, CANADA AND OTHERS REITERATED SURPRISE THAT NEW GROUP HAD BEEN CREATED. FINALLY, IT APPEARS THAT ALMOST ALL MEMBERS DELEGATES WHO HAVE BEEN ATTENDING AND PARTICIPATING IN DEBT DISCUSSIONS IN DAC AND WP/FA WILL ALSO ATTEND TWP.  
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SECRETARIAT SAID THAT PERSONNEL FROM DEVELOPMENT COOPERATION DIRECTORATE RESPONSIBLE FOR PREVIOUS WORK ON DEBT FOR DAC WP/FA ARE IN FACT BACKSTOPPING TWP EXPERTS GROUP'S WORK ALSO.

6. SECOND CABLE FOLLOWS REVIEWING REMAINDER OF THIS DAC MEETING.  
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## Message Attributes

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